## HOUSE RESEARCH =

## Bill Summary =

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## Overview

This bill involves two separate aspects of insurance claims. Sections 1 and 2 make changes in state regulation of public adjusters. (Public adjusters are insurance adjusters who, for compensation, represent members of the public (individuals or businesses) in making and collecting claims against insurance companies. Their duty is to the insured and not to the insurance company.) Section 3 prohibits a certain practice sometimes used by residential roofing contractors in connection with an insurance claim for damage to the roof.

## Section

- Prohibited practices. Adds four new things to a list of things public adjusters are prohibited by law from doing. They are (1) receiving a commission that exceeds 10 percent of the amount of the insurance settlement; (2) receiving a commission based on a percentage of the amount obtained from the insurance company, if the insurance company either pays or commits to paying the policy limit within 72 hours after the loss was reported to the insurance company; (3) signing or endorsing a payment draft or check (from the insurance company) on behalf of the insured; and (4) soliciting or trying to solicit an insured as a client while a natural disaster is still in progress.
- 2 Residential roofing contract; right to cancel.
  - **Subd. 1. Required.** Requires a contract to repair a roof, where the cost will be submitted as an insurance claim, to permit the insured to cancel the contract within 72 hours after notice that the insurer denied the claim. States how the notice of cancellation may be given to the roofing contractor.
  - **Subd. 2. Writing required.** Requires roofing contracts that involve an insurance claim to provide a specified notice of the customer's right to cancel under subdivision 1, including a form for the homeowner to use to cancel under subdivision 1.
    - **Subd. 3. Return of payment; compensation.** If a contract is cancelled, requires

the roofer to return any payments or collateral for payment within ten days, except for payment for emergency services the roofer already provided.

Insurance claims for residential roofing goods and services. Prohibits a residential roofing contractor bidding on work that will be covered by the property owner's insurance (such as damage caused by a hailstorm or a falling tree) from offering to rebate to the owner the owner's deductible under the insurance policy. (For instance, the insurance policy has a \$1,000 deductible. The roofing contractor produces a bid for submission to the insurance company of \$5,000, but tells the owner that the contractor will actually charge the owner only \$4,000, thus "eating the deductible" as a way to get the job, or, interpreted another way, padding the bid by \$1,000 as compared to what the bid would be if there were no deductible or no insurance.)

Permits the insurer to disregard a bid that violates this section (assuming the insurer knows the bid was inflated to cover the deductible). Also permits the owner or the insurance company to sue the contractor to recover damages caused by the roofer's violation of this section.